

April 4, 2005

Dear Representative:

The undersigned groups representing the U.S. food and agricultural community urge your support for the Free Trade Agreement with Central American and the Dominican Republic (CAFTA-DR). CAFTA-DR is a home run for American agriculture. We are giving up very little to gain very much. Normally in trade agreements, each party expects the concessions it receives to balance the concessions it grants. Uniquely in CAFTA-DR, the agriculture agreement is tilted steeply in the direction of the United States.

Previous trade arrangements approved by Congress gave generous access to the U.S. market for food and agriculture exports from these six nations but provided no reciprocal benefits to U.S. food and agriculture exports to those same six markets. Between the Generalized System of Preferences, which has been in place since 1976, and the Caribbean Basin Economic Recovery Act, or Caribbean Basin Initiative (CBI), which has been in place since 1983, U.S. tariffs on most of the food and agricultural products imported from the CAFTA-DR countries are already zero.

On a trade-weighted basis, over 99 percent of the food and agriculture products we import from the region enter duty-free. On the other hand, the food and agriculture tariffs our products must overcome in the CAFTA-DR countries exceed 11 percent on average, but can range as high as 150 percent or more on sensitive products. This does not include the highly restrictive tariff-rate quotas many of our products face. The result is that we have an agriculture trade deficit with these six nations. In 2004, U.S. imports from these countries exceeded our exports to the region by over three quarters of a billion dollars.

So, a vote for CAFTA-DR is a vote to give American farmers trade reciprocity. It is also a vote to keep our food and agriculture exports competitive with products from other countries. Our market share in the CAFTA-DR nations has fallen from 54 percent in 1995 to around 40 percent because of preferential arrangements negotiated by these six countries with our competitors. The implementation of CAFTA-DR will remedy this problem.

Congress last voted to extend the unilateral benefits under GSP and CBI to these countries and others as part of the Trade Act of 2002. The most recent stand-alone vote on a CBI conference report in 2000 demonstrates the willingness of Congress to provide trade benefits to an important region of the world. In the Senate, CBI passed by a vote of 77-19 with 4 abstentions; in the House, it was approved by a vote of 309-110 with 16 abstentions. The undersigned organizations, representing the vast majority of U.S. agriculture, are simply requesting that Congress provide to American farmers what it has already provided to farmers in the CAFTA-DR countries – improved market access for their exports.

Sincerely,

Altria Group, Inc.
American Bakers Association
American Farm Bureau Federation
American Feed Industry Association
American Frozen Food Institute
American Meat Institute
American Potato Trade Alliance
American Soybean Association
Animal Health Institute
Biotechnology Industry Organization
Blue Diamond Growers
Bunge North America, Inc.
California Canning Peach Commission
California Table Grape Commission
Cargill, Incorporated
Corn Refiners Association
CropLife America
Elanco
Food Products Association
Grocery Manufacturers of America
International Dairy Foods Association
Louis Dreyfus Corporation
National Association of Wheat Growers
National Cattlemen's Beef Association
National Chicken Council
National Confectioners Association
National Corn Growers Association
National Grain and Feed Association
National Grain Sorghum Producers
National Grain Trade Council
National Grange
National Milk Producers Federation
National Oilseed Processors Association
National Pork Producers Council
National Potato Council
National Renderers Association
National Turkey Federation
North American Export Grain Association
North American Millers' Association
Northwest Horticultural Council
Pet Food Institute
Sweetener Users Association
The Distilled Spirits Council

The Fertilizer Institute
U.S. Dairy Export Council
United Egg Producers
United States Dry Bean Council
US Apple Association
US Hide, Skin and Leather Association
US Meat Export Federation
US Wheat Associates
USA Poultry and Egg Export Council
USA Rice Federation
Washington State Potato Commission
Western Growers Association
Wheat Export Trade Education Committee